SECTION 1127
FEDERAL FLEXIBLE BENEFITS PLAN ADMINISTRATIVE COSTS.

(a) IN GENERAL.—Notwithstanding any other provision of law, an agency or other employing entity of the Government which provides or plans to provide a flexible spending account option for its employees shall not impose any fee with respect to any of its employees in order to defray the administrative costs associated therewith.

(b) OFFSET OF ADMINISTRATIVE COSTS.—Each such agency or employing entity that offers a flexible spending account option under a program established or administered by the Office of Personnel Management shall periodically forward to such Office, or entity designated by such Office, the amount necessary to offset the administrative costs of such program which are attributable to such agency.

(c) REPORTS.—

(1) The Office shall submit a report to the Committee on Government Reform of the House of Representatives and the Committee on Governmental Affairs of the Senate no later than March 31, 2004, specifying the administrative costs associated with the Governmentwide program (referred to in subsection (b)) for fiscal year 2003, as well as the projected administrative costs of such program for each of the 5 fiscal years thereafter.

(2) At the end of each of the first 3 calendar years in which an agency or other employing entity offers a flexible spending account option under this section, such agency or entity shall submit a report to the Office of Management and Budget showing the amount of its employment tax savings in such year which are attributable to such option, net of administrative fees paid under subsection (b).